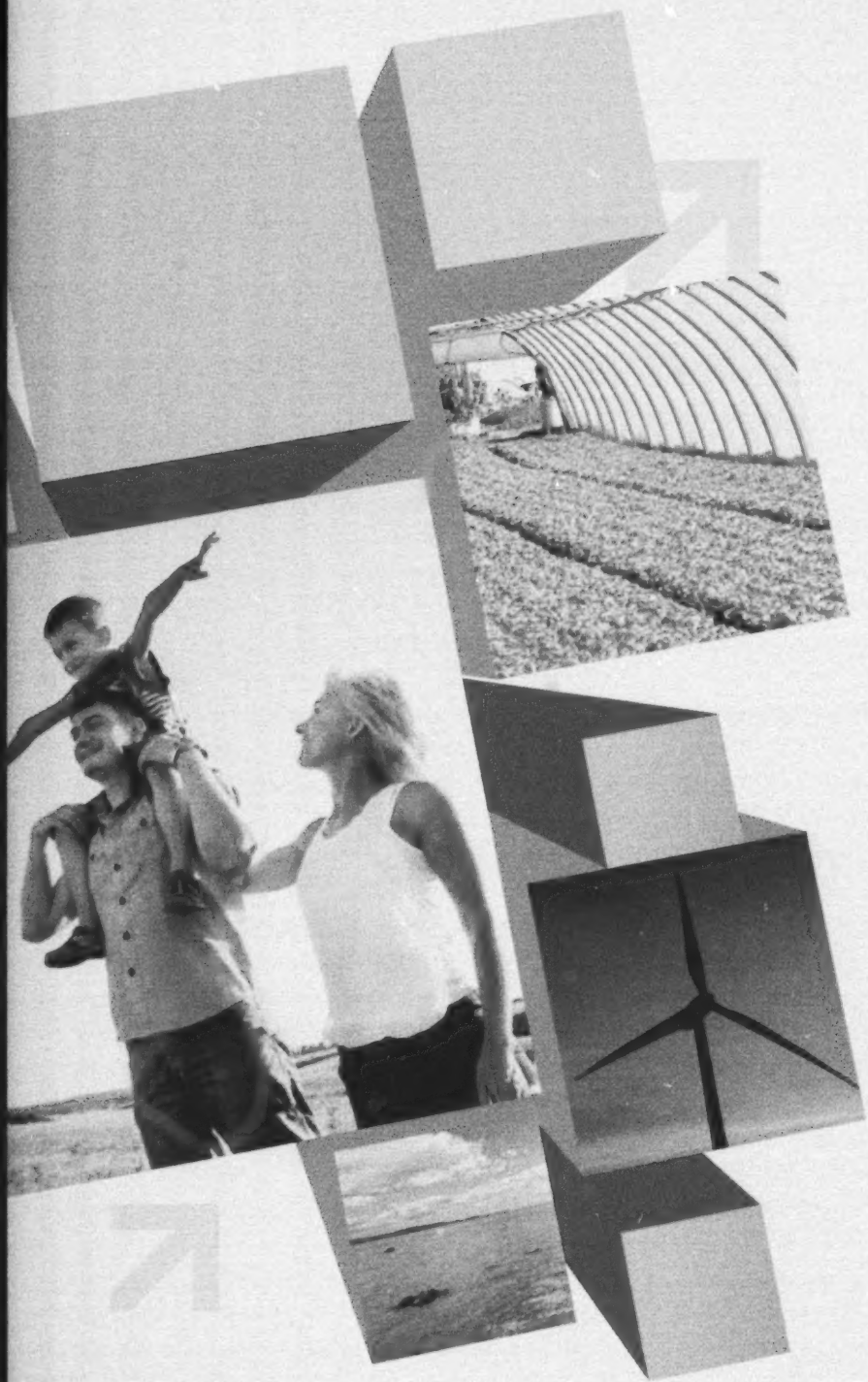
Economic Development Canada



DEPARTMENTAL SUSTAINABLE DEVELOPMENT STRATEGY

Performance report 2011-12

Canada Economic Development for Quebec Regions
Développement économique Canada pour les régions du Québec

Canada

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PREAMBLE ///

The Economic Development Agency of Canada for the Regions of Quebec (the Agency) posted its *Departmental Sustainable Development Strategy 2011-13* (DSDS) on its site in March 2011. The Agency has since updated its regional economic development vision and revised its Program Activity Architecture (PAA), as well as its regular program, in effect since April 1, 2012. The Agency's DSDS 2011-13 was therefore updated in May 2012 in order to reflect these changes. Since this performance report concerns activities carried out by the Agency in 2011-12, as well as results obtained during that period, the information presented is based on the PAA in effect in 2011-12.

The sectors and branches mentioned in this report are based on the Agency's structure as in effect in 2011-12. This structure was revised in 2012-13, and is reflected in the updated *Departmental Sustainable Development Strategy 2011-13*. The next DSDS performance report will take these changes into account.

Finally, the results presented in this report comply with the *Canadian Environmental Assessment Act* (CEAA)[1] in effect in 2011-12.

[1] http://laws-lois.justice.gc.ca/eng/acts/C-15.2/page-1.html

1. AGENCY VISION
concerning sustainable development

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a significant, lasting manner for the benefit of their residents.

This vision ties in with the mission of the Agency, which is to promote the long-term economic development of the regions of Quebec. Support for the transition toward a greener economy which presents opportunities for growth and diversification for Quebec enterprises and communities enables the Agency to promote both economic development and sound environmental practices.

The notion of sustainable development refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The *Federal Sustainable Development Act* (FSDA)[2] and the *Federal Sustainable Development Strategy* (FSDS),[3] in which the Agency participates, reflect the Government of Canada's commitment in that regard. The Agency therefore accepts the basic principle, set out in the FSDA, that "sustainable development is based on an ecologically efficient use of natural, social and economic resources and acknowledges the need to integrate environmental, economic and social factors in the making of all decisions by government."

On October 6, 2010, the Minister of the Environment announced the tabling of the new FSDS, which aims to render environmental decision-making more transparent to Canadians.

The FSDS replaces a system established in 1995 which asked each of the main federal departments and agencies to submit to Parliament its own individual sustainable development strategy.

FSDS goals, targets, implementation strategies and results are organized under four priority themes:

I. Addressing Climate Change and Air Quality
II. Maintaining Water Quality and Availability
III. Protecting Nature
IV. Shrinking the Environmental Footprint—Beginning with Government

[2] www.parl.gc.ca/HousePublications/Publication.aspx?DocId=3598186&File=30&Language=e&Mode=1
[3] www.ec.gc.ca/dd-sd/default.asp?lang=En&n=F93CD795-1

In line with its mandate, the Agency has undertaken, under FSDS Theme I,[4] to finance projects that would, among other things, help to optimize resource use, valuing residual resources, and contribute to eco-efficiency.

The Agency is also involved in implementing FSDS Theme IV:[5] *Shrinking the Environmental Footprint—Beginning with Government*, which concerns greening of government operations.

Under the FSDA, the Agency has prepared a departmental sustainable development strategy (DSDS) for 2011-13[6] which includes its objectives and action plans with respect to sustainable development. The Agency's DSDS is consistent with the FSDS and contributes to the attainment of the latter's goals. This document reports on progress achieved in 2011-12 with respect to implementation of the strategy.

2. LINKAGE BETWEEN THE 2012 FSDS PROGRESS REPORT and the DSDS Performance Report 2011-12

The information provided in this DSDS Performance Report 2011-12 is linked to the information contained in the 2012 FSDS Progress Report. Environmental status indicators presented in Departmental Performance Reports (DPRs) and FSDS Progress Reports demonstrate the Government of Canada's progress toward its environmental goals and its sustainable development goals and targets, as established in the FSDS. These indicators are used to follow progress in results concerning environmental and socio-economic issues.

This DSDS Performance Report presents an overview of the FSDS implementation strategies to which the Agency contributes, as well as corresponding short- and medium-term performance data. Generally speaking, while it is not possible to attribute the attainment of a high-level result to a single factor, such as implementation of a program or policy, it is nevertheless possible clearly to demonstrate and document links between high-level results to be attained and measures taken by the government, and to report on them transparently.

[4] http://ec.gc.ca/dd-sd/default.asp?lang=En&n=5910709F-1

[5] http://www.ec.gc.ca/dd-sd/default.asp?lang=EN&n=16AF9508-1#s5

[6] The strategy was initially published as the *Sustainable Development Strategy 2011-13*. In this report it will be referred to as the *Departmental Sustainable Development Strategy 2011-13*, in order to differentiate it from the FSDS.

3. DECISION-MAKING PROCESS
and sustainable development practices at the Agency

3.1 Managing sustainable development

The Agency's DSDS is implemented under the authority of the president, backed by the Departmental Management Committee, comprising members of senior management. Responsibility for managing sustainable development is shared among different committees and sectors. Among the main tools used in 2011-12 to support the decision-making process with respect to sustainable development were regional business plans, identification of projects contributing to sustainable development in the automated contribution agreement management system and environmental assessment of projects.

DEPARTMENTAL MANAGEMENT COMMITTEE

The Departmental Management Committee (DMC) is responsible for collectively managing all Agency activities and advising the president on policy and management issues. Thus, the members of the DMC approved the Agency's *Departmental Sustainable Development Strategy 2011-13*, as well as the presentations periodically made to them within the course of the preparation of Reports on Plans and Priorities and Departmental Performance Reports in which information on the DSDS is integrated.

SUSTAINABLE DEVELOPMENT COMMITTEE

The Sustainable Development Committee assists the Departmental Management Committee with respect to sustainable development, and comprises members from the Agency's business offices and different branches. The Committee was involved in preparing the Agency's Sustainable Development Strategy, and its members have promoted the Strategy in their respective settings and contributed to its implementation.

POLICY AND PLANNING SECTOR

This sector is responsible for preparing the DSDS, in conjunction with the Operations Sector and the Communications Branch. Over the past year, this Sector has integrated the commitments made in the DSDS, particularly those stemming from the FSDS, into Agency policies and programs. Thus, it has integrated a systematic strategic environmental assessment process in the preparation of Agency policies and programs. This Sector has also developed tools with respect to sustainable development, including a document summarizing the FSDS and its application, for the business offices.

As part of the implementation of the DSDS, this Sector, with the Operations Sector, fulfilled its commitments with respect to the empowerment of Agency personnel concerning sustainable development, in particular through holding information sessions with management committees and employee groups.

To ensure consistent federal intervention with respect to sustainable development, this Sector provided interdepartmental liaison with those stakeholders participating in the FSDS. Thus, it took part in committees of assistant deputy ministers and directors general, and in the FSDS implementation working group. The Sector also represented the Agency on the Federal Interdepartmental Group on Sustainable Development, which reports to the Quebec Federal Council.

In 2011-12, this Sector was also responsible for the preparation of the Report on Plans and Priorities (RPP) and the Departmental Performance Report (DPR) as well as for the integration of FSDS-related information in those reports.

OPERATIONS SECTOR

The Operations Sector is responsible for implementation of the Agency's programs and compliance with the *Canadian Environmental Assessment Act* (CEEA).

In 2011-12, the Operations Sector input information on projects that contribute to the FSDS into its grants and contributions management system. During the analysis of applications for assistance, the business offices had to answer questions with respect to sustainable development. Thus, 160 projects, representing 14% of the projects[7] for which expenditures were made in 2011-12—i.e., which received a financial contribution during that year—were identified as contributing to the attainment of DSDS targets. Details concerning intervention are presented in section 4: *Performance summary of Agency implementation strategies associated with FSDS Theme I.*

Over the past year, the Operations Sector also ensured the integration of DSDS commitments into Agency business offices' business plans, as well as participating in the establishment of interregional partnerships involving other stakeholders (federal and provincial) fostering support for projects contributing to sustainable development.

CORPORATE SERVICES SECTOR

This sector is responsible for meeting the targets for greening of Agency operations (FSDS Theme IV) and promoting sound environmental practices. For instance, the Corporate Services Sector ensured that green procurement was carried out, while implementing document management initiatives aimed in particular at reducing paper consumption. This Sector also set up the systems necessary for the use of iPads and telepresence, with a view to the holding of green meetings.

Over the past year, this Sector provided interdepartmental liaison concerning the greening of government operations (GGO), in particular with the Office of Greening Government Operations of Public Works and Government Services Canada. The Agency's progress with respect to GGO is presented in the Departmental Performance Report 2011-12 (see section 5 of this report for further details on GGO at the Agency).

COMMUNICATIONS BRANCH

The Communications Branch is responsible for conveying to Agency personnel any relevant information and activity concerning sustainable development.

Thus, over the past year, it placed the Agency's DSDS 2011-13 online and updated the *Environmental affairs* section of the Agency's website to include hyperlinks to the FSDS and the DSDS. The public statement concerning strategic environmental assessment was posted on the Agency's website, too.

The Communications Branch also handled activities surrounding announcements of Agency-supported projects which contribute to sustainable development and issued press releases in that regard on the Internet.

[7] The Agency may have supported more projects that contribute to the DSDS than the 160 mentioned, as this result does not take into account projects funded under *Canada's Economic Action Plan* initiatives, the *Community Futures Program* and the *Infrastructure* program activity.

Finally, the Communications Branch posted on the Agency's Intranet a monthly calendar presenting events and readings on the environment and sustainable development for employees. It also published a special report on the wind energy industry in the Gaspé in the in-house electronic newsletter, *Kaléidoscope*.

3.2 Strategic environmental assessment highlights

3.2.1 Strategic environmental assessment

The Agency applies the guidelines for implementing the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*.[8] Thus, following the commitment made in that regard in the FSDS, the Agency reinforced the application of strategic environmental assessments (SEAs) by systematizing its SEA process and ensuring that environmental considerations are taken into account in the drafting of policies, plans and programs.

The Agency also continued to apply good practices associated with the summary reporting of SEA results, in line with FSDS goals and targets, thus ensuring transparent environmental decision-making.

Over the past year, the Agency undertook a transformation and modernization initiative in order to become more efficient and provide enhanced service to the public. Through this initiative, the Agency updated its regional economic development vision, which is reflected in a new program in effect since April 1, 2012, the *Quebec Economic Development Program* (QEDP). The Agency conducted a strategic environmental assessment of this program in 2011-12, in line with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*.

The Agency's public statement with respect to the strategic environmental assessment of the QEDP is available on the Agency's website at:
www.dec-ced.gc.ca/eng/agency/environmental-affairs/statements.html.

3.2.2 *Canadian Environmental Assessment Act*

The *Canadian Environmental Assessment Act* (CEEA) was applied to all projects submitted for approval. Of the 577 projects in 2011-12, 28.4%, or 164 projects, required an environmental assessment pursuant to the CEAA.[9] These assessments are available in the Canadian Environmental Assessment Registry:
http://www.ceaa-acee.gc.ca/050/index-eng.cfm.

In order to provide the Agency with the necessary information to make informed decisions on submitted projects, the environmental assessment process included measures to mitigate the impact of projects and took cumulative effects into account.

[8] http://www.ceaa.gc.ca/default.asp?lang=En&n=B3186435-1

[9] The 164 projects submitted for approval for which environmental assessments were performed in 2011-12 do not necessarily correspond to the 160 projects supported by the Agency that contribute to one of the FSDS goals. The purpose of the environmental assessments of the 164 projects was to measure the potential environment impact and ensure, where necessary, that appropriate mitigation measures are taken. As to the 160 projects contributing to the FSDS, these were not necessarily subject to environmental assessments. They were identified as projects contributing to the FSDS because they were projects which could, among other things, help to optimize resource use, valuing residual resources, and contribute to eco-efficiency.

4. PERFORMANCE SUMMARY
of Agency implementation strategies associated with FSDS Theme I

Measures associated with the FSDS

In line with its mandate and the FSDS, the Agency has undertaken to:

Finance projects that would, among other things, help to optimize resource use, valuing residual resources, and contribute to eco-efficiency.[10]

The Agency's DSDS has targeted the *Community Development* and *Enterprise Competitiveness* program activities for the attainment of sustainable development results in line with the FSDS. It has also targeted the Internal Services program activity in relation to targets concerning greening of government operations.

A. Agency Program Activity Architecture (PAA) 2011-12 for activities associated with the DSDS

Strategic outcome	Program activity	Program subactivity	Internal services
A competitive, diversified economy for the regions of Quebec	*Community Development* (a)	*Local and regional enterprises*	Governance and management support Resource management services Asset management services (g)
	Enterprise Competitiveness (a)	*Enterprises' strategic capabilities* *Strategic enterprises*	

[10] These are implementation strategies 1.1.29 and 2.1.17 of the FSDS. http://ec.gc.ca/dd-sd/default.asp?lang=En&n=5910709F-1
They contribute to the following FSDS goals:
1. *Reduce greenhouse gas emission levels to mitigate the severity and unavoidable impacts of climate change;*
2. *Minimize the threats to air quality so that the air Canadians breathe is clean and supports healthy ecosystems.*

B. Brief description of programs to which the DSDS applies

In 2011-12, the DSDS was implemented through the *Community Diversification and Business* and *Regional Growth* programs.

The *Community Diversification* program helps Quebec regions maintain and develop their economic activity base by pursuing the following objectives:

- foster the development of communities and increase their mobilization through development of visions and projects of local and regional scope;
- assist communities through entrepreneurship support and the creation or maintenance of viable enterprises;
- increase communities' capability to attract tourists and skilled individuals.

The *Business and Regional Growth* program reinforces conditions conducive to the sustainable growth of regions and SMEs. This program seeks to:

- help enterprises improve their performance, become more competitive and engage in more innovation to facilitate their sustainable growth;
- support the transfer of technology and research outputs to enterprises;
- create the right conditions to attract foreign investment and international organizations.

C. Linkage between the Agency's implementation strategy and FSDS targets

The Agency's commitment to "finance projects that would, among other things, help to optimize resource use, valuing residual resources, and contribute to eco-efficiency" ties in with FSDS Theme I: *Addressing Climate Change and Air Quality*. Fulfilment of this undertaking should contribute to the attainment of FSDS targets 1.1 *Climate Change Mitigation* and 2.1 *Air Pollutants*. The Agency's grants and contributions management system has been adapted so as to be able to identify projects contributing to the attainment of these goals.

D. Performance data for the strategic outcome:

A competitive and diversified economy for the regions of Quebec.

As mentioned on page 8, the Agency in 2011-12 funded a total of 160 projects contributing to its sustainable development goals. These comprised 59 projects carried out by intermediary groups offering, among other things, services to enterprises and 101 projects involving direct assistance to enterprises. First, among the projects carried out by intermediary groups, a number take the form of interregional partnerships. The box below presents two examples.

Examples of interregional partnerships, involving provincial stakeholders, fostering support for projects contributing to sustainable development:

The Agency and the Quebec government have signed a Canada-Quebec Agreement to foster job creation and maintenance in communities affected by the forestry crisis. This initiative involves the execution of silviculture work in line with a strategy for the reforestation of poorly regenerated areas, rehabilitation of hardwood forests and intensive silviculture in eligible regions of Quebec. The $40-million total project cost is split equally between the Government of Canada and the Quebec government. The work will be carried out over a two-year period, in 2011-12 and 2012-13.

The Agency supports the Quebec Wood Export Bureau in carrying out a project to help Quebec forest sector firms implement and maintain environmental and phytosanitary chain-of-custody certification. This project will in particular help foster a supply from forests benefiting from better environmental practices and treated wood, with a view to avoiding the propagation of parasites that can have a negative environmental impact. The anticipated $4.7 million total cost of the project is split equally between the Agency and Quebec's *Ministère des Ressources naturelles et de la Faune*. The project began in fall 2009 and will terminate on March 31, 2013.

Moreover, the 101 projects involving direct assistance to enterprises, for which expenditures amounted to $30.1 million in 2011-12, contribute to either of the FSDS targets: 1.1 *Climate Change Mitigation* or 2.1 *Air Pollutants*. This represents increases of eight projects and $1.5 million over 2011-12. Some examples of projects are presented below.

Examples of projects involving direct assistance to enterprises contributing to sustainable development:

- Support for development of an innovative technology for improving air quality
  - Pilot testing of a technology for the capture and treatment of greenhouse gas (Québec City).[11]

- Eco-certification of SMEs' products intended for export
  - Raising the awareness of wood processing firms with respect to the integration of environmental management practices and development of a generic data base on the regional forest industry (Saguenay–Lac-Saint-Jean).[12]
  - Restoration and rehabilitation of peatlands (Bas-Saint-Laurent).[13]

- Support for production and commercialization of innovative products for environmental protection
  - Increase in production capacity of beneficial insects for plant protection and commercialization of the process (Montérégie).[14]

The performance recorded in each of the two program activities targeted by the Agency for contributing to the FSDS is presented below.[15]

Sustainable development performance of the program activity:

Community Development

In 2011-12, within the context of its contribution to FSDS Theme 1: *Addressing Climate Change and Air Quality*, the Agency funded 36 community development projects to the tune of $15.8 million. Of these, 14 projects came under the *Local and regional enterprises* program subactivity (PSA) specifically targeted in the Agency's DSDS. This support targets promoters who could, among other things, implement projects to optimize resource use, valuing residual resources, and contribute to eco-efficiency, while ensuring higher performance for enterprises.

The number of projects under the *Local and regional enterprises* PSA was up slightly from the previous year (one additional project), enabling the Agency to meet its project target. Nevertheless, the value of expenditures for these projects was lower than in 2010-11 (down from $5 million in 2010-11 to $2.3 million in 2011-12). This difference is largely attributable to support for two major projects which had high expenditures in 2010-11 ($1 million) and for which expenditures in 2011-12 were significantly lower.

[11] http://www.dec-ced.gc.ca/eng/media-room/news-releases/2011/03/2847.html
[12] http://www.dec-ced.gc.ca/eng/media-room/news-releases/2010/06/2591.html
[13] http://www.dec-ced.gc.ca/eng/media-room/news-releases/2011/01/2803.html
[14] http://www.dec-ced.gc.ca/eng/media-room/news-releases/2012/02/3145.html
[15] Performance data from intermediary groups, *Canada's Economic Action Plan* initiatives, the *Community Futures Program* and projects under the *Infrastructure* program activity are not included.

Program activity: *Community Development*

Program subactivity: *Local and regional enterprises*

Targeted sustainable development result: *Enterprises being created, developing and being maintained are doing so in a sustainable development perspective.*

Performance indicator	Target	Performance	Contribution to FSDS targets
Number of enterprises having applied pollution prevention or energy eco-efficiency measures,[16] including eco-certification[17]	Maintain or increase the number of projects supported or the amount of expenditures.	Increase in the number of projects (13 projects in 2010-11 and 14 projects in 2011-12) Decrease in the amount of expenditures ($5M in 2010-11 and $2.3M in 2011-12)	1.1 Climate Change Mitigation 2.1 Air Pollutants

In addition to projects funded in support of local and regional enterprises, the Agency funded 22 projects, representing $13.5 million in total assistance, under other program subactivities that support community development:

- Community mobilization: 8 projects;
- Tourism and community facilities: 14 projects.

Sustainable development performance of the program activity:

Enterprise Competitiveness

As part of its contribution to FSDS Theme I: *Addressing Climate Change and Air Quality*, the Agency funded 65 projects, to the tune of $14.3 million, in enterprise competitiveness. All these projects are included in program subactivities specifically targeted in the Agency's DSDS. This support targets promoters who could, among other things, start up enterprises in green sectors or implement projects to optimize resource use, valuing residual resources, and contribute to eco-efficiency, while enhancing enterprises' competitiveness.

The Agency attained the target established in terms of both the number of projects and the amount of expenditures aimed at supporting projects to develop enterprises' strategic capability (increase of six projects and increase of $1.5 million in expenditures) and support strategic enterprises' projects (increase of five projects with amount of expenditures maintained).

[16] Number of enterprises supported which adopt technologies, integrate processes or acquire equipment that will enable them to reduce the use of a raw material (including water) or energy or reduce waste generated.

[17] Certification awarded to a product or enterprise by a recognized organization, guaranteeing that the product offered has a reduced environmental impact (e.g., Leadership in Energy and Environmental Design (LEED); Energy Star; Forest Stewardship program (FSC), Marine Stewardship Program (MSC)).

Program activity: *Enterprise Competitiveness*

Program subactivity: *Enterprises' strategic capabilities*

Targeted sustainable development result: *Enterprises develop and use their strategic capability in a sustainable development perspective.*

Performance indicator	Target	Performance	Contribution to FSDS targets
Number of enterprises supported which develop or commercialize environmental products, services and technologies or apply pollution prevention or energy eco-efficiency measures, including eco-certification	Maintain or increase the number of projects supported or the amount of expenditures.	Increase in the number of projects (39 projects in 2010-11 and 45 in 2011-12) Increase in the amount of expenditures ($7.6M in 2010-11 and $9.1M in 2011-12)	1.1 Climate Change Mitigation 2.1 Air Pollutants

Program subactivity: *Strategic enterprises*

Targeted sustainable development result: *Innovative enterprises are established in green sectors.*

Performance indicator	Target	Performance	Contribution to FSDS targets
Number of innovative enterprises in pre-start-up or start-up phase operating in green sectors	Maintain or increase the number of projects supported or the amount of expenditures.	Increase in the number of projects (15 projects in 2010-11 and 20 in 2011-12) Amount of expenditures maintained between 2010-11 and 2011-12 ($5.2M)	1.1 Climate Change Mitigation 2.1 Air Pollutants

E. Measures in addition to the FSDS

No additional measure with respect to sustainable development was recorded in 2011-12.

5. GREENING OF GOVERNMENT OPERATIONS
Hyperlink to the supplementary table for FSDS Theme IV

In line with FSDS Theme IV: *Shrinking the Environmental Footprint—Beginning with Government*, the Agency's Departmental Performance Report 2011-12 includes a supplementary table concerning the greening of government operations (GGO). This table presents the results achieved by the Agency with respect to five GGO goals. This report is available on the Agency's website at:
http://www.dec-ced.gc.ca/eng/publications/agency/rmr.html

6. HYPERLINK TO THE FSDS

Additional information on the FSDS is also available on the Environment Canada website at:
http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=F93CD795-1